

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7674

BILL NUMBER: HB 1736

NOTE PREPARED: Jan 13, 2003

BILL AMENDED:

SUBJECT: Rural Development and Tobacco Farmers Funds.

FIRST AUTHOR: Rep. Lytle

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

STATE IMPACT	FY 2003	FY 2004	FY 2005
State Revenues			
State Expenditures		12,560,000	12,560,000
Net Increase (Decrease)		(12,560,000)	(12,560,000)

Summary of Legislation: This bill establishes the Rural Development Administration Fund and Advisory Board. It replaces the Tobacco Farmers and Rural Community Impact Fund with the Tobacco Farmers Fund to establish a phase II payment program for tobacco growers and quota owners and to make other grants and loans to tobacco growers and quota owners. The bill makes continuing appropriations to the Value Added Research Fund, the Rural Development Administration Fund, the Indiana Rural Development Council, and the Tobacco Farmers Fund.

Effective Date: July 1, 2003.

Explanation of State Expenditures: This bill annually appropriates General Funds to the Value Added Research Fund, the Rural Development Administration Fund, and the Indiana Rural Development Council. (See the table below.)

General Fund Impact	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Value Added Research Fund	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Rural Develop. Admin. Fund	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Rural Development Council	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
General Fund Appropriations	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7

The Tobacco Farmers and Rural Community Trust Fund is renamed the Tobacco Farmers Fund. The bill annually appropriates and requires certain transfers of revenue from the Tobacco Master Settlement Agreement Fund to the Tobacco Farmers Fund until July 1, 2011. (See the table below.) The transfers from the Tobacco Master Settlement Fund are required; if sufficient funds for the transfer are not available in the 60% of annual receipts allowed for appropriation and expenditure, then funds are to be moved from the 40% trust funds that are not otherwise available for expenditure. The amounts required to be transferred are estimated; the final dollar amounts of the transfers must be determined and certified by the Commissioner of Agriculture.

The bill also annually appropriates \$2.5 M of the accumulated interest earnings of the Tobacco Master Settlement Trust. The accumulated interest in the Tobacco Master Settlement Trust was approximately \$13 M at the end of FY 2002. The availability of sufficient interest earnings in the Trust above this amount will be dependent upon legislative action with regard to the body of the Trust and the available interest rates.

Tobacco Master Settlement Fund Impact	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Phase II Supplement (\$23.6M)	4.72	4.72	4.72	4.72	4.72			
Phase II Market Share Adjust.	0.64	0.65	0.66	0.67	0.68	0.69	0.70	0.71
Agricultural Grants & Loans	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Tobacco Master Settlement & Accumulated Interest	7.86	7.87	7.88	7.89	3.18	3.19	3.20	3.21

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: The Department of Agriculture.

Local Agencies Affected:

Information Sources: Joe Pearson, Department of Agriculture, Auditor of State.

Fiscal Analyst: Kathy Norris, 317-234-1360